
DIGEST

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Henry

HB No. 898

Abstract: Provides that the amount of the tax credit for state-certified productions is 25% and repeals the phase-down of the tax credit.

Present law authorizes a tax credit against state income tax for La. taxpayers for state-certified productions and state-certified infrastructure projects earned by investors at the time expenditures are made by a motion picture production company. The tax credit shall be calculated as a percentage of the total base investment dollars certified per project.

Present law provides for a tax credit of 25% of the base investment made by an investor for state-certified productions approved by the office and the secretary on or after Jan. 1, 2006, but before July 1, 2010, if the total base investment is greater than \$300,000. Provides for an additional tax credit of 10% for payroll of La. residents employed in connection with a state-certified production; however, this additional credit shall exclude any salary for a person that exceeds \$1 million.

Present law provides that the initial certification shall be effective for a period 12 months prior to and 12 months after the date of initial certification, unless the production has commenced, in which case the initial certification shall be valid until the production is completed.

Proposed law changes present law to remove the July 1, 2010, deadline for qualification of the 25% tax credit. Proposed law makes the 25% tax credit permanent for state-certified productions approved by the office and the secretary and retains the 10% tax credit for payroll.

Present law provides for a tax credit of 20% of the base investment made by an investor for state-certified productions approved by the office and the secretary on or after July 1, 2010, but before July 1, 2012, if the total base investment is greater than \$300,000.

Proposed law repeals present law.

Present law provides for a tax credit of 15% of the base investment made by an investor for state-certified productions approved by the office and the secretary on or after July 1, 2012, if the base investment is greater than \$300,000.

Proposed law repeals present law.

Proposed law defines a base investment as a cash or cash equivalent investment made and used

for production expenditures in the state for a state-certified production. Further provides that payroll means all salary, wages, and other compensation, including benefits paid to an employee for services relating to a state-certified production and is taxable in this state. However, "payroll" for purposes of the additional ten percent tax credit for Louisiana-resident payroll shall exclude any portion of an individual salary in excess of one million dollars.

Present law provided for motion picture investor tax credits associated with a state-certified infrastructure projects beginning July 1 2005 and ending on January 1, 2009.

Proposed law deletes present law since the period for issuance of the tax credit for state-certified infrastructure projects has ended.

Present law provided for the application, transferability, certification, and administration of the credit. Further requires the promulgation of rules to determine an appeals process in the event that an application for, or the certification of, a motion picture investor tax credit is denied.

Proposed law retains present law but requires that the rules be approved by the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs in accordance with the APA.

Present law provides for the application which must be submitted for initial certification of a motion picture investor tax credit.

Proposed law retains present law but requires that prior to final certification of the state-certified production, the motion picture production company shall submit an audit of the production expenditures certified by an independent certified public accountant. Requires the office and the secretary to review the audit, the production expense details, and may require additional information needed to make a determination.

Proposed law provides that as a condition for receiving certification of tax credits under proposed law, state-certified productions may be required to display the state brand or logo, or both as prescribed by the Dept. of Economic Development.

Present law provides for the recapture and recovery of credits.

Proposed law retains present law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6007)